

WILTSHIRE



FRIENDLY

SOCIETY LIMITED

# Protecting your greatest asset

**Why you should provide  
Income Replacement insurance  
for your employees**

**GROUP INCOME REPLACEMENT PLANS FOR EMPLOYERS**

The information that follows will help you, as an employer, understand the benefits of Group Income Replacement to you and your employees.

## What is Group Income Replacement Insurance?

It is an insurance arrangement that enables you as an employer to pay employees a proportion of their earnings if they are unable to work due to illness or accident.

The Group Income Replacement experience Wiltshire Friendly delivers is not just about paying valid claims\*. It's about our early proactive intervention in their rehabilitation which can help employees to return to work as soon as they are fit to do so...which may help reduce your cost of sickness absences.

*\* Wiltshire Friendly paid out 96.74% of all claims made during 2016.*

## What is the benefit to you of insuring your employees against illness and accident?

- ! Can help you to meet your legal and financial obligations, such as Statutory Sick Pay and your own sickness scheme financial liability.
- ! In most circumstances Group Income Replacement premiums count as a business expense for tax purposes.
- ! Offering a range of benefits, including Group Income Replacement, can attract and improve retention in employees.
- ! Absences can be more effectively managed.

You will not need to have the potentially difficult conversations with absent employees – Wiltshire Friendly will help manage their return to fitness and work allowing you to concentrate on running your business.

According to the Chartered Insurance Institute 'Each year, a million people in the UK suffer a prolonged absence from work due to sickness.... around 1 in 10 workers are covered by income protection policies.'

*CII.co.uk (Building Resilient Households Report) - October 2016*

how?

## What is the benefit to your employees of being insured against illness and accident?

Receipt of replacement income at a level that can exceed the minimum statutory amount, helping support them in meeting their ongoing financial commitments so they can concentrate on returning to full health and work.

## How would Wiltshire Friendly's Group Income Replacement plan work?

You select the level of protection you want to provide to your employees in respect of the:

- weekly or monthly earnings, up to 75% of their total income;
- waiting period before the benefit becomes payable, from as soon as 4 weeks;
- length of time for which benefit can be payable, from 6 months up to State Pension age\*.

Employees can then choose to personally enhance that level of cover if they wish via their own Financial Adviser.

When a claim is being paid, you receive a regular payment in respect of the benefit due for the employee who is off work, which is then paid to the employee under your normal PAYE process.

## How much does the insurance cover cost?

That depends on the level of benefit and the type of plan you select, though it may be cheaper than you think.

Below is an example of an employer wanting to provide cover to their 12 employees:

*“A small Limited Company, offering Data Programming services in the South West, with 12 employees and an average age of 43. Wanting to cover 50% of annual employee earnings, which ranges between £10,000 to £60,000 per employee, with benefit payable for up to 6 months\* commencing when an individual has been off work because of illness or injury for more than 4 weeks. All for a total cost to the business of just under £156 per month\*\*.”*

\* also subject to other claim cessation criteria which may apply sooner.

\*\* dependent on individual ages, underwriting and other terms and conditions which may be applied.

## How does Wiltshire Friendly work with you in administering the scheme?

We make it easy to set up, run and pay benefits under the scheme. A dedicated team will regularly assess claims to help and support employees to recover and return to work.

## What is the application process?

You establish your specific needs and link that to the product options available.

Once costs and benefits have been explained, and a decision is made to proceed, just one simple application is required to initiate the process.

Free cover limit means in many cases individual health questionnaires will not be required.

Provisional cover is available and, subject to terms, allows immediate protection to be put in place.

## What are the tax implications?

*The following is based on current legislation and HMRC practice which could change in the future.*

The premium is normally a deductible business expense.

Benefit received under a claim is classed as business income and is taxable and when paid under PAYE to an employee is a trading expense, hence tax neutral. This does not apply to Partners or proprietors and may not apply to working Directors.

The employee receives the benefit as normal income.

## Interested?

Wiltshire Friendly has been providing income replacement schemes since 1887 - it's the only type of insurance we offer.

**To find out more please contact your financial adviser.**

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